

Case Study 2

Beemis Technical College



- ◆ Unsubsidized loan funds only aid received
- ◆ All loan proceeds disbursed to student

Objective

To illustrate the treatment of loan proceeds, the determination of the period of enrollment for which student was charged, and the calculation of institutional charges.



School Information

Beemis Technical College:

- ◆ Nonterm, clock-hour programs of varying lengths
- ◆ A 900-clock-hour program takes 30 weeks to complete, and is divided into two 450-clock-hour payment periods
- ◆ School charges tuition and fees for the entire program at the time of enrollment



Refund Policy

Institutional Refund Policy

If the number of clock hours student completes:	The school retains:
Less than 10%	10%
10 – 19%	20%
20 – 29%	30%
30 – 39%	50%
40 – 49%	75%
50% or more	100%

The school does not exclude any administrative fee for withdrawals.

State Refund Policy

No state refund policy exists.

Repayment Policy

Living expenses are prorated based on the number of weeks the student is enrolled. For students who begin classes, 50% of the books and supplies allowance are considered to be expended.

Case Study 2: Beemis Technical College (cont'd)

Student Information

- ◆ Beth starts classes on September 15 in a 900-clock-hour program.
- ◆ She withdraws from the program on October 3 after attending and completing 90 clock hours (the third week of classes).
- ◆ Two years prior to enrolling in this 900-clock-hour program, Beth completed a 750-clock-hour program at the school for which she received a Direct Unsubsidized Stafford Loan. Therefore, her loan is not subject to the delayed disbursement requirement.

Program Costs

Costs for program:

Tuition	\$1,800
Fees	\$25
Books and supplies allowance	\$150
School's allowance for off-campus living expenses	\$6,000



Aid Awarded

Direct Unsubsidized Stafford Loan (total amount approved) \$2,625

Aid Disbursed for the Payment Period

Direct Unsubsidized Stafford Loan \$1,260

The Direct Unsubsidized Stafford Loan is scheduled to be disbursed in two equal installments of \$1,260 (i.e., half of the total amount approved minus the origination fee) at the beginning of each payment period.

Because Beth paid her charges for tuition and fees from her savings on September 2 when she was admitted to the program, the school disbursed all of the loan proceeds to her for noninstitutional expenses. Beth paid for her books and supplies with money from her loan proceeds.

Task

- ◆ Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name _____	Start Date _____	Withdrawal Date/LDA _____
Social Security Number _____	Length of Enrollment Period _____	Date of WD/LDA Determination _____

2. Program Costs

	non- inst.			non- inst.	
inst.		Tuition/Fees _____	inst.		Personal/Living _____
		Administrative Fee _____			Dependent Care _____
		Room & Board _____			Disability Costs _____
		Books & Supplies _____			Miscellaneous _____
		Transportation _____			Miscellaneous _____

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: **A**

TOTAL Noninst. Costs: **B**

TOTAL Aid Paid To Inst. Costs: **C**

TOTAL Paid To Inst. Costs: **D**

TOTAL Aid Paid as Cash: **E**

3. Payments/Disbursements

Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

YES NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

YES NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round DOWN to the nearest 10%:

- For credit-hour programs:

$$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS IN}} = \dots\dots\dots$$
- For clock-hour programs:*

$$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS IN}} = \dots\dots\dots$$
- For correspondence programs:

$$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}} = \dots\dots\dots$$

*DO NOT use scheduled hours. Also, excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

- Administrative Fee (up to \$100 or 5%, whichever is less) +
- Documented Cost of Unreturnable Equipment +
- Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) +

TOTAL EXCLUDABLE INST. COSTS (for Pro Rata and Federal Refund calculations only): _____ = _____

Pro Rata/Federal Refund Institutional Costs:

 A - = **A**

Total Institutional Costs Total Excludable Inst. Costs



REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

=		Total Institutional Costs (from Withdrawal Record) (A)
=		Total Aid Paid to Inst. Costs* (C) (also from Withdrawal Record)
=		Scheduled Cash Payment (SCP) (attribution not allowable)
=		Student's Cash Paid (from Withdrawal Record)
=		UNPAID CHARGES

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

=		Total Institutional Costs (from Withdrawal Record) (A)
X		% Allowed to Retain* (from refund policy being used)
=		Initial Amount Retained By The School
=		UNPAID CHARGES (from Step One)
=		AMOUNT RETAINED

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

=		Total Paid to Institutional Costs (from Withdrawal Record) (D)
=		Amount Retained (from Step Two)
=		REFUND AMOUNT TO BE DISTRIBUTED

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

- | | |
|--|---|
| 1. Federal SLS Loan | 8. Federal Perkins Loan |
| 2. Unsubsidized Federal Stafford Loan | 9. Federal Pell Grant |
| 3. Subsidized Federal Stafford Loan | 10. FSEOG |
| 4. Federal PLUS Loan | 11. Other Title IV Aid Programs |
| 5. Unsubsidized Federal Direct Stafford Loan | 12. Other Federal, state, private, or institutional aid |
| 6. Subsidized Federal Direct Stafford Loan | 13. The student |
| 7. Federal Direct PLUS Loan | |



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Student Financial Assistance Programs

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	Total Institutional Costs (from Withdrawal Record) (A)
	Total Aid Paid to Inst. Costs* (C) (also from Withdrawal Record)
	Scheduled Cash Payment (SCP) (attribution not allowable)
	Student's Cash Paid (from Withdrawal Record)
	UNPAID CHARGES

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)
	% to be Refunded (from the regulatory policy)
	REFUND AMOUNT TO BE DISTRIBUTED

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

- | | |
|--|---|
| 1. Federal SLS Loan | 8. Federal Perkins Loan |
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